MERCER COLLEGE RECRUITING

THE OHIO STATE UNIVERSITY

October 20, 2016

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AGENDA

• Industry Overview

• Consulting Industry

• Sample Projects

• Mercer

• Q&A
INDUSTRY OVERVIEW
WHAT IS A CONSULTANT’S ROLE?

• Understand a client’s business so we can truly understand their needs

• How do we do it?
  – Read financial statement, financial news and web sites
  – Learn about their industry, their people and leaders
  – Talk to them!

• Give expert advice and opinions to clients based on our experience

• Help clients make choices, solve problems and recognize opportunities to do things better

• Capitalize on our teams’ diverse knowledge and skills on behalf of clients
ACTUARIAL CONSULTANTS’ ROLES ARE CHANGING

• Times are changing
  - Used to be a “Number Cruncher”
  - Then became a “Compliance Junkie”
  - Now we need to be Business People

• Our work is still highly technical, but we maximize its value by putting it into the proper business context

• Combination of
  – strong analytical skills
  – business knowledge
  – communication skills

• Key players on management teams
Mercer’s Retirement business applies integrated thinking to solve the retirement challenges of today and tomorrow.

We help our clients design and implement sustainable retirement programs by managing the commitments of the past while planning for the needs of the future.

We focus on managing the risks and financial impact on our clients’ businesses while developing retirement programs that engage their workforces.

We advise and implement comprehensive and leading-edge solutions so that our clients can achieve their business and fiduciary objectives.

Mercer Retirement is breaking into the sphere of individual retirement readiness.
Plan sponsors, fiduciaries, and individuals face unprecedented challenges in sustainable retirement provision, brought about by:

- New regulations and an increasing demand for transparency in governance and accounting practices.
- Increased economic volatility and investment risk.
- Rising pension liabilities.
- Changing demographics and longevity risk.
- The declining role of public pensions and an increasing burden on employers and employees.
### The Mercer Advantage

#### Breadth of Services -- Retirement

<table>
<thead>
<tr>
<th>Comprehensive Plan Management and Administration</th>
<th>Integrated Defined Benefit Risk Management</th>
<th>High-Performing Defined Contribution Plan</th>
<th>Innovative Plan Design</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Local, regional, multi-country, and global plans.</td>
<td>• Strategic risk advice, identification, and assessment.</td>
<td>• DC plan management and optimization.</td>
<td>• Benefit plan design aligned with stakeholder objectives.</td>
</tr>
<tr>
<td>• Aligned asset-liability governance.</td>
<td>• Risk retention and transfer strategies.</td>
<td>• Employee wealth maximization.</td>
<td>• DB, DC, and hybrid.</td>
</tr>
<tr>
<td>• Accounting.</td>
<td>• Holistic company balance sheet management.</td>
<td>• Workforce management strategies.</td>
<td>• Workforce strategies.</td>
</tr>
<tr>
<td>• Actuarial valuation.</td>
<td>• Impact of pensions on business performance.</td>
<td>• Target dating/auto pilot DC.</td>
<td>• Mergers and acquisitions consulting.</td>
</tr>
<tr>
<td>• Funding/cash flow management.</td>
<td></td>
<td>• Member engagement and administration.</td>
<td>• Scenario modeling.</td>
</tr>
<tr>
<td>• Legal and compliance.</td>
<td></td>
<td></td>
<td>• Future-proofed/sustainable design.</td>
</tr>
<tr>
<td>• Member communication and administration.</td>
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</tbody>
</table>

**Solutions and Tools**

<table>
<thead>
<tr>
<th>Solutions and Tools</th>
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</tr>
</thead>
<tbody>
<tr>
<td>• Mercer Globe.</td>
<td>• Mercer Dynamic De-risking Solution.</td>
<td>• Retirement Planner.</td>
<td>• Benchmarking.</td>
</tr>
<tr>
<td>• Mercer Gold.</td>
<td>• Funding Status Monitor.</td>
<td>• Wealth solutions.</td>
<td>• Dashboards.</td>
</tr>
<tr>
<td>• BenCalX.</td>
<td>• Pension Buyout Index.</td>
<td>• Individual advice.</td>
<td>• Benefit adequacy modelers.</td>
</tr>
</tbody>
</table>
# Retirement Overview

**Services**

Strategic retirement consulting
- Design of defined contribution & defined benefit plans
- Retirement plan governance
- Financial management and investments
- Administration
- Actuarial and other evaluations

**Mercer Position**

- #2 market share/brand: Retirement and actuarial consulting
- #2 market share/brand: Corporate pension investment professionals
- But…
  - Changes in traditional competitors (Towers Watson/Aon Hewitt)
  - Continued expansion of financial institutions (Fidelity/T. Rowe Price/Vanguard)

**Key Trends**

- Aging population / wealth accumulation
- Pension reform and risk management
- Shift from DB to DC plans
- Pricing pressure importance in selected markets
- Greater awareness among rank & file
- Outsourcing
  - Investments
  - Administration
RETIREMENT CONSULTING
FOCUS ON TWO KEY QUESTIONS FOR CLIENTS

• What retirement program best fits their employees?
  ▪ While there is a trend away from defined benefit (DB) plans to defined contribution (DC) plans, each employer needs to decide on the appropriate retirement plan or plans for their employees.
  ▪ Mercer has consulting, investment and outsourcing capabilities that help employers design and administer their retirement plans end-to-end

• How can they optimally manage their programs?
  ▪ Maintaining retirement plans to attract and retain employees involves a daunting array of legal complications, administrative requirements, and high-profile / high-risk financial decisions.
  ▪ Mercer has broad and deep expertise in many areas, such as plan design and management, executive retirement, retiree medical plans, investment consulting, and merger/acquisition consulting, in addition to our traditional actuarial and administrative services.
## The Mercer Advantage

### Breadth of Services – Health

<table>
<thead>
<tr>
<th>Benefit Strategy and Design</th>
<th>Benefit Plan Management and Brokerage</th>
<th>Specialty Health and Benefits</th>
<th>International Consulting</th>
<th>Individual and Voluntary Benefits</th>
<th>Benefits Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Collectives.</td>
<td>- Financial and claims analysis.</td>
<td>- Analysis and measurement.</td>
<td>- Global health management.</td>
<td></td>
<td>- Flex administration.</td>
</tr>
<tr>
<td></td>
<td>- Employee communications.</td>
<td></td>
<td>- Other international consulting.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
HEALTH & BENEFITS OVERVIEW

Services

Strategic health & benefits consulting
- Design of health care & wellness programs
- Health care & wellness plan selection and renewal
- Evaluation of plan performance
- Management & administration of health & wellness programs
- Help employers navigate healthcare reform

Mercer Position

- 5,625+ colleagues
- $1.6B revenue
- Serving 10,600 clients
- Specialty practices in
  - Absence Management
  - Mergers & Acquisitions
  - Pharmacy
  - Total Health Management
  - International
  - Stop loss
  - Regulatory and Compliance
  - Life Accident & Disability (LAD)
  - Voluntary Benefits
  - Data Analytics
  - Risk management

Key Trends

- Aging population
- Consumers lack skills, access to “transparent” information about cost and quality, and incentives to manage health care
- Overuse/underuse/misuse of care
HEALTH & BENEFITS
WHAT DOES A HEALTH & BENEFITS CONSULTANT DO?

Day to Day Assistance/Client Feedback
Strategy & Planning/Benchmarking
Implement Benefits Strategies
Renewal Planning/Negotiations
Renewals/Marketing

CONTRIBUTION STRATEGIES
Healthcare cost projections
Healthcare reform analysis
Mergers and acquisitions
Retiree health care valuations

“To optimize our clients’ investment in people.”
How do I get there? Health & Benefits Analyst

- Strategically analyze data
- Underwriting & financial analysis training
- Develop communications & reports
- Attend Client Meetings
- Brainstorm to develop innovative approaches
- Assist with client deliverables
- Learn and have fun

Analysts become an integral part of project teams.
SAMPLE PROJECTS
ACTUARIAL MATH

• Actuaries use their skills to model the value of promises based on uncertain future events
  – Value of an insurance promise if someone dies in the next 5 years
  – Value of an annuity promise for someone at retirement
  – Value of a promise to indemnify them if their house burns down
  – Value of a promise to pay medical bills

• These all have two items in common
  – The uncertainty of the event
  – The assumption of the time value of money
ACTUARIAL MATH
AN EXAMPLE

You have had such a meaningful experience in Dr. Smith’s class that you and your classmates would like to give him a gift. You’d like to invest some money for him that will pay him $1,000 at the beginning of each year from his retirement at age 65 until age 85.

However, you’re not certain he will retire from Ohio State, so you want to take this probability into account. This will help you save some money and pay for tuition next semester.

How much will you need to pay, based on the following assumptions?
  – The funds you set aside on his behalf will earn 8% interest
  – Dr. Smith is 35 years old
  – There is a 75% chance he will retire from Ohio State
  – There are 40 people in your class
SOLUTION

- If Dr. Smith retires from Ohio State at age 65, you should have accumulated the following amount for him:
  - $1,000 * [1-(1.08)^-20]/0.08 * 1.08 = $10,604

- The probability this will be payable is 75%, so you can discount the number for this amount
  - $10,604 * 0.75 = $7,953

- This money will earn 8% from now (age 35) until then (age 65), so you can discount the number for interest
  - $7,953/(1.08^30) = $790

- There are 40 of you in the class, so each person pays $790/40 = $20

  That’s not so much now, is it?
CASE STUDY – SOME ACTUARIAL MATH

Retirement actuaries often deal with finding liabilities for retirement plan benefits. A general formula in words for this liability is:

\[
\text{Liability (PV)} = \text{(Benefit)} \times \text{(Annuity Factor)} \times \text{(Probability that Person Survives to Benefit Start Date and Starts)} \times \text{(Discounting Factor)}
\]

What sort of assumptions are factored into this equation?
ACTUARIAL ASSUMPTIONS

• Benefit Amount
  – Earned to date vs. projected (and what sort of projection)
  – Salary growth

• Annuity Factor
  – Interest rate
  – Mortality assumptions
  – Form of payment

• Probability of employee reaching retirement and starting a benefit
  – Retirement
  – Mortality
  – Disability
  – Termination

• Discounting factor – Interest rate assumption
CASE STUDY ON RETIREMENT PLANS
YOU CAN’T HAVE ALL THREE PRIORITIES

- A high-benefit plan aiming for low cost can only achieve it by assuming high risk (e.g. a DB plan invested in equities)

- A high-benefit plan aiming for low risk can only achieve it through accepting higher cost (e.g. a DB plan invested in fixed income)

- A low-cost plan aiming for low risk can only achieve it through providing a lower benefit (e.g. a low-cost DC plan or a DB plan invested in fixed income with lower benefits)
### Traits of Defined Benefit (DB) and Defined Contribution (DC) Plans

<table>
<thead>
<tr>
<th></th>
<th>Defined Benefit</th>
<th>Defined Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Determination of Benefits</strong></td>
<td>Based on a formula set forth in the plan document</td>
<td>Based on funds in account balance upon retirement</td>
</tr>
<tr>
<td><strong>Determination of Contributions</strong></td>
<td>Contributions are determined actuarially and can be volatile based on factors discussed below</td>
<td>Contributions are predictable based on plan provisions</td>
</tr>
<tr>
<td><strong>Employees Who Benefit Most</strong></td>
<td>Older, longer service employees</td>
<td>Younger, lower service employees</td>
</tr>
<tr>
<td><strong>Portability</strong></td>
<td>Benefits are generally not portable between plans</td>
<td>Account balances can be very portable between employers</td>
</tr>
<tr>
<td><strong>Communication</strong></td>
<td>Benefits are not very transparent and can be difficult to communicate</td>
<td>Benefits are transparent and easier to communicate</td>
</tr>
<tr>
<td><strong>Burden of Responsibility</strong></td>
<td>Plan Sponsor primarily funds these plans</td>
<td>Cost is shared between employee and employer</td>
</tr>
<tr>
<td><strong>Administration</strong></td>
<td>Can be expensive to administer</td>
<td>Relatively inexpensive to administer</td>
</tr>
<tr>
<td><strong>Trusteeship</strong></td>
<td>Investments professionally held. Tend to have better returns</td>
<td>Often, investments are employee-directed and have less favorable returns</td>
</tr>
</tbody>
</table>

- Another primary differentiator is the allocation of risk between employer and employee.
CASE STUDY

FACTS AND ASSUMPTIONS

- 1% of final average pay per year of service = 4% of payroll
- 1% of career av. Pay per year of service = 3% of payroll
- 1% of pay DC plan = 1% of payroll
- Equities are expected to return 10% over the long run with STD of 12
- Fixed income is expected to return 5% over the long run with STD of 4
- Liabilities are expected to grow at 6% per year with STD of 12
- 95% of random experience falls within 2 STD of the mean
- 68% of random experience falls within 1 STD of the mean
CASE STUDY - CLIENTS

- **Client 1**
  - Hospital – High benefits; low cost
  - Payroll = $1,000,000
  - Long service is important. Cash is important

- **Client 2**
  - Manufacturing – High benefits; low volatility
  - Payroll = $1,000,000
  - Union concerns are important

- **Client 3**
  - Bank – Low cost; low risk
  - Payroll = $1,000,000
  - Operational efficiency is most important.
CASE STUDY

QUESTIONS

• What does the plan design of your client look like?
• How will their assets be invested?
• How much do you expect the plan to cost?
• What is the volatility of your plan?
We help clients around the world advance the health, wealth and performance of their most vital asset – their people.
An overview of Mercer
Part of Marsh & McLennan Companies

**MARSH**
Insurance Brokerage, Intermediary & Risk Advisory Services
- Corporate risk identification & advice
- Global insurance brokerage services & solutions
- Product & industry expertise & specialization
- Risk consulting
- Affinity insurance program management & private client solutions
- Alternative risk strategies
- Insurance captives management
- Claims management & loss control services

**MERGER**
Consulting, Outsourcing & Investments
- Retirement
- Health & benefits
- Human capital
- Survey & products
- Communication
- Investment consulting
- Investment management
- Mergers & acquisitions
- Outsourcing

**GUY CARPENTER**
Reinsurance & Risk Advisory Services
- Risk quantification & assessment
- Integrated strategies to protect, deploy & optimize capital
- Global reinsurance structuring & placement
- Portfolio optimization modeling
- Capital markets / M&A advice
- Rating agency advice
- ERM analysis
- Contract & claims management

**OLIVER WYMAN GROUP**
Management Consulting & Advisory Services
- Strategy, operations & technology advice
- Financial services consulting
- Organization design & transformation
- Enterprise risk analysis
- Brand management & strategy
- Regulatory advisory & litigation support
- Actuarial consulting
An overview of Mercer
Who we are

We are a global consulting leader in talent, health, retirement, and investments.

- $3.9 billion in revenue.
- 65-year history.
- Four business segments.
- Offices in more than 40 countries.
- 20,000+ colleagues.
An overview of Mercer Business Segments

Benefit exchanges
Benefit strategy and design
Individual and voluntary benefits
Benefit plan management and brokerage
Specialty health and benefits
Benefits administration
International consulting

Leadership and organization performance
Information and technology solutions
Workforce analytics and planning
Communication
Rewards
Mobility

Integrated defined benefit risk management
High-performing defined contribution plans
Comprehensive plan management and administration
Innovative plan design

Health
Retirement
Talent
Investments

CLIENTS
**An Overview of Mercer**

**The Mercer Advantage - Brand/Intellectual Capital**

### Mercer Brand Prestige

<table>
<thead>
<tr>
<th>Human Resources Consulting Firm Rankings*</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2016</strong></td>
<td><strong>2015</strong></td>
</tr>
<tr>
<td>1. Mercer</td>
<td>1</td>
</tr>
<tr>
<td>2. Aon Hewitt</td>
<td>3</td>
</tr>
<tr>
<td>3. Willis Towers Watson</td>
<td>2</td>
</tr>
<tr>
<td>4. Deloitte Consulting</td>
<td>4</td>
</tr>
<tr>
<td>5. McKinsey &amp; Co.</td>
<td>6</td>
</tr>
<tr>
<td>6. Hay Group</td>
<td>5</td>
</tr>
<tr>
<td>7. The Boston Consulting Group</td>
<td>8</td>
</tr>
<tr>
<td>8. Accenture</td>
<td>7</td>
</tr>
<tr>
<td>9. PWC</td>
<td>9</td>
</tr>
<tr>
<td>10. Bain &amp; Company</td>
<td>12</td>
</tr>
</tbody>
</table>

### Intellectual Capital

- Retirement Plan Design of the Future.
- Melbourne Mercer Global Pension Index.
- Inside Employees’ Minds/Inside Employers’ Minds.
- National Survey of Employer-Sponsored Health Plans (US).
- Global equity exposure/exposure to low-volatility equity portfolios.
- Global Investment Forums.
- Responsible Investment — UN PRI study.

* Vault 2016 rankings
WHY MERCER?

WE MAKE A DIFFERENCE

Mercer’s mission is to help clients around the world advance the health, wealth, and performance of their most vital asset – their people.

- 27,000+ Mercer clients.
- 9 million+ benefit plan participants.
- 110 million+ employees of Mercer clients.
AN OVERVIEW OF MERCER VALUES

- PASSION
to win and be the best at what we do, reflected in our people, thought leadership, solutions and clients.

- RESPECT
for diversity: listening to and collaborating with others, being inclusive and bringing the best ideas forward.

- INTEGRITY
in everything we do: knowing what is right and acting responsibly with our clients, colleagues and communities.

- INNOVATION
that anticipates our client needs and reshapes the marketplace.

- DEDICATION
to serving our clients with unparalleled quality and proven success.

- EMPOWERMENT
to act like business owners and be accountable for our decisions.
RETIREMENT BUSINESS STRUCTURE

- Team-based
- Mentors and coaches
- Training coordinator ensures that all training needs are met
- Supervisor balances work issues and helps provide new opportunities
- You’ll work on a variety of client teams with many people at all levels
- Cross-practice client teams
WHY JOIN MERCER
CHALLENGING ANALYTICAL WORK

- Analyze data
- Work with day-to-day client contacts
- Work in teams with Mercer colleagues
- Assist with client deliverables
- Prepare annual governmental filings
- Create spreadsheets and graphs

Mercer Analyst
HOW DO I GET THERE?

ACTUARIAL ANALYST

- Mercer recruits on-campus for Actuarial Analyst positions
- Career development training program R3 – Right Learning, Right Time, Right Place
  - combines self-paced online, classroom and on-the-job coaching
  - Develops actuarial analysts into well-rounded retirement consultants of the future.
- Mercer offers an actuarial student program which includes:
  - paid time off for exam study
  - paid time off for exam day
  - financial support for materials
  - reimbursement of exam costs
  - Salary increases subsequent to passing exams
NEW EMPLOYEE EXPERIENCE

- New employees are put on client teams with other recent hires, experienced consultants, and members from other practice areas
- Each client team is different and adapted to client needs
- Variety of billable client work
- Focus on background of projects
- Interns will experience all of the above and more!
  - Attend a client meeting
  - Intern housing available at select locations
  - On-going training
  - Social outings
**EXAM STRUCTURE**

**ASA**
- Preliminary Education - five exams
- Validation by Educational Experience (VEE)
- Eight Fundamentals of Actuarial Practice (FAP) modules: interim assessment after module 5, final assessment after module 8
- Associateship Professionalism Course (APC)

**EA**
- Retirement actuaries in the US require 2 EA exams: EA1, EA2 (segments L & F)

**FSA**
- Specialized by practice area “tracks”
- Corporate Finance and ERM (CFE), Quantitative Finance and Investment (QFI), Individual Life and Annuities, Retirement Benefits, Group and Health, and General Insurance Track
- Generally three exams, three FSA modules, Decision Making and Communication module (DMAC), Fellowship Admissions Course (FAC)

*Note: Revised Curriculum goes into effect July 1, 2018!*
E X A M   S T R U C T U R E

Note: Revised Curriculum goes into effect July 1, 2018!

ASA Exam Structure

Exam P: Probability
Exam FM: Financial Mathematics
Exam MFE: Models for Financial Economics
Exam MLC: Models for Life Contingencies
Exam C: Construction and Evaluation of Actuarial Models
FAP Modules 1-8, two assessments

FSA Retirement Track
EA Exams 1, 2F&L
RETDAU: Design and Accounting
RETRPIRM: Investment and Risk Management or ERM
FSA Retirement Specific Modules

FSA Health and Group Track
GHCORU: Core
GHADV: Advanced
GH Specialty or ERM
FSA Health Specific Modules

For more information on tracks:
WHY JOIN MERCER
MERCER’S ACTUARIAL STUDY PROGRAM

• Mercer and other employers provide students with paid study time to supplement their personal time
  – Generally 3 days per hour of exam
  – Full day off on Exam Day

• Reimbursement of exam fees and books/study aid expenses

• Financial rewards for passing exams
  – Salary increases for each exam passed
  – Bonus for each exam passed on first attempt
  – Bonus upon attainment of each designation (ASA, FSA and EA)
  – Bonus after successful completion of each group of modules, including: modules 1-5 and modules 6-8 and FSA modules
  – Greater opportunity for job growth and responsibility by passing exams
INTERNSHIPS AT MERCER

An internship at Mercer can give you a head start on your career. Program highlights include:

• A paid internship within one of Mercer's key business segments at one of our locations across the US

• A first-hand experience of life in the consulting world

• A mentor to provide support and guidance

• Job shadowing to learn more about other business segments and the work they do

• Formal training activities, lunch-and-learns with leadership, and opportunities to enhance your presentation skills

• Participation in Mercer’s performance evaluation process

• And, don’t forget FUN! You’ll get to know your colleagues and other interns through social events.
WHY MERCER?
RECRUITING THE BEST

**Prerequisites**
- Integrity
- Professionalism
- Interest in analysis
- Diverse backgrounds, skills and experiences
- Strong communication

**Technical ability**
- Attention to detail
- Multi-tasking
- Problem solver
- Proficiency in Microsoft Office

**Interpersonal skills**
- Team player
- Knowledge sharing
- Self-starter
- Ability to prioritize and handle multiple tasks

**Intangibles**
- Big picture thinking
- Ability to see beyond the data
IS CONSULTING RIGHT FOR YOU?

If you want to...

- Tackle global, headline-making business and economic issues
- Stretch your creative, analytical and managerial capabilities
- Work with recognized leaders of business, industry, and the public sector
- Enjoy a work environment that is open, honest and direct

... then there’s a good chance that consulting is right for you!
MERCER UNIVERSITY RELATIONS & RECRUITING
IMPORTANT RECRUITING DATES

• Resume Submission Deadline:

• On-Campus Interviews:
  TBD

Visit us at www.mercer.com/careers/students-and-graduates.html
QUESTIONS?